

USAID/Tanzania

Annual Report

FY 2005

June 16, 2005

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Tanzania

Performance:

Since its first multi-party elections since 1995, Tanzania has moved from a socialist state to a nascent democracy with a slowly opening economy and a growing private sector. Reform programs are underway, but progress still needs to be made for these reforms to be fully institutionalized. Over the last decade, Tanzania has made bold moves towards achieving greater economic growth by controlling inflation, curbing deficit spending, and engaging in civil service streamlining. It has divested control of 80% of the parastatals. Tanzania's growth rate is among the highest in Sub-Saharan Africa. Foreign direct investment, though small, has increased from \$50 million in 1994 to \$248 million in 2003. However, Tanzania's political and economic development is impeded by several harsh realities: high rates of infectious disease such as HIV/AIDS; unsustainable natural resource exploitation; structural obstacles to higher economic growth; institutional and human capacity limitations; corruption; a fragile democracy on Tanzania's mainland; and struggling democracy in Zanzibar.

Despite Tanzania's progress over the last ten years, there has not been a dramatic impact on the quality of life of the average Tanzanian. It is ranked 162 out of 175 countries in the 2004 United Nations Development Program Human Development Index, and the World Bank estimates 2004 per capita income at \$280, a mere 1.7% increase over the past five years. Life expectancy, which was 65 in 1990, is now 44 and expected to drop to 37 by 2010. This drop is due in large part to the HIV/AIDS epidemic. Thirty per cent of Tanzanian children under age five suffer from malnutrition. Although Tanzania's literacy rate of 76% ranks well above the average literacy rate of 62% in sub-Saharan Africa, the education system suffers from poor quality, inadequate access, and low retention rates, particularly for females who transition to secondary school. Tanzania continues to face serious health challenges, most notably in the areas of HIV/AIDS, child survival, and maternal health. At 7%, the national HIV/AIDS infection rate has reached a crisis level. The HIV/AIDS epidemic is the leading cause of adult mortality and overshadows Tanzania's development. Tanzania's orphan population is currently estimated at over 1.1 million, with over 50,000 children becoming orphans each year.

Poverty is widespread in Tanzania, but it is concentrated in the rural areas. Fully 88% of the estimated 17 million poor live in rural areas. While the food security situation has improved in recent years, and the percentage of the population classified as poor has declined in the last decade, most of these gains were seen in urban areas. Agriculture is Tanzania's leading economic sector as it contributes over 50% of Tanzania's gross domestic product (GDP), employs 84% of the total labor force, and accounts for 60% of Tanzania's export earnings. It is estimated that 80% of women are employed full or part-time in agriculture and that 30% of rural enterprises are owned by women. Most of Tanzania's rural poor depend on subsistence agriculture and are unable to participate in broader markets because poor roads, expensive utilities, and legal and institutional barriers impede their involvement. This has led to rapid urbanization which increased from 19% to nearly 30% between 1988 and 2003. It is unlikely that poverty will decline substantially in rural areas unless structural and policy reforms in the agricultural sector are implemented. The government's determination to proceed with decentralization will continue to be impeded by weaknesses in capacity, as regional and local offices strain to respond to new demands.

Tanzania is still experiencing the growing pains of a young democracy. The first multi-party elections in 1995 and subsequent elections in 2000 were judged by observers to have been generally free and fair on the mainland, but deeply flawed in Zanzibar where election irregularities resulted in violence in 2001. The ruling party's strength has grown significantly since the first multi-party elections, and today the party holds 89% of the seats in the National Assembly. Local elections at the district level took place in November-December 2004 and were marred by isolated incidents of intimidation, voting fraud, and violence. USAID will continue to monitor the situation in anticipation of the October 2005 general

elections. Corruption in politics is one of Tanzania's key development challenges, and is a growing concern among Parliament and non-governmental organizations (NGOs) who are pressuring the central government to step up its commitment. A pressing concern for NGOs is the passage of an overly-restrictive NGO Act in 2002 that requires registration, governmental coordination, and criminalizes the operation of an unregistered NGO. In 2004, the NGO community - with USAID support - had the opportunity to comment on amendments to the Act. USAID expects the majority of the amendments to be passed in 2005.

US Interests and Goals: US national interests in Tanzania are two-fold. First, Tanzania plays a constructive role among its East and Central African neighbors in leading efforts to resolve regional conflicts peacefully and hosting approximately 400,000 documented refugees. Second, Tanzania is a key ally in combating terrorism. It is a stable country in a volatile region progressing on a path of democratic governance and market-based economic reform and growth, and offering avenues for outreach to a large Muslim population. US goals are to reinforce Tanzania's regional stabilizing influence and to assist and accelerate its democratic and development progress.

USAID Program: USAID's program is tightly aligned with Tanzania's goals for good governance and poverty reduction through sustainable income generation and access to quality services. To achieve these goals, Tanzania must overcome numerous challenges including structural obstacles to economic growth, institutional and human capacity limitations, HIV/AIDS and high rates of other infectious diseases and of population growth, corruption, the government's uneasy relationship with civil society organizations (CSOs), and unsustainable natural resource exploitation. Designated by the Millennium Challenge Corporation as a threshold program eligible country, Tanzania needs to improve its performance in the area of corruption.

USAID's Health strategic objective (SO) focuses on increasing use of reproductive and child health services and preventing the spread of HIV/AIDS. The Economic Growth (EG) SO focuses on rural income generation by micro and small agriculture-based enterprises. The program concentrates on productivity and competitiveness in specific cash crops, related enterprise and producer associations, and trade. Tanzania's growing economy relies on its diverse wildlife and natural resource endowment. The Natural Resources Management (NRM) SO promotes policy and legislative reform; community-based natural resource management; conservation enterprise development; and improved coastal and protected area management. Women are active and prominent in several enterprises supported by these two SOs. As Tanzania continues its transition from single-party socialism to a multi-party democracy, the Democracy and Governance (DG) SO promotes the increased role of civil society advocacy and improved government accountability. Limited support for targeted education programs is also provided under the DG SO. A Special Program Objective (SPO) is improving the government's disaster preparedness and response capability.

Donor Relations: The Tanzania Assistance Strategy provides a framework for improving aid coordination and enhancing national ownership of the development process in Tanzania. As the government seeks to reduce its dependency on external support in the long term, technical assistance, budget support, credit, and debt relief under the Heavily Indebted Poor Country Initiative will continue to be vital for Tanzania in the short term. The consultative process with the government, bilateral, and multilateral donors ensures that the donor community is not working at cross-purposes. USAID does not contribute to any of the sector baskets or to general budget support. USAID/Tanzania is in an increasingly unique position in this respect, and is better able than most donors to offer targeted technical assistance. The British are already using USAID's more targeted instruments for direct assistance to Parliament. Eight donors contribute to an account USAID devised to rapidly mobilize assistance to NGOs active in HIV/AIDS.

Key Achievements: USAID made excellent progress in FY 2004. All SOs met their performance targets. In health, national Vitamin A coverage increased to 85%, up from 80% last year. Tanzania's national contraceptive prevalence rate (CPR) increased to 25% among Tanzanian women in the reproductive ages, surpassing USAID's target of 18%. An additional 620,000 hectares of land were placed under conservation management, demonstrating the local communities' increased commitment to engage in and fully participate in community-based conservation. Further, Parliament recently passed the

Environment Bill which promotes the concept of devolved land-use planning from the central government to local government authorities, thereby giving municipal officials greater responsibility and accountability to their constituents. USAID's support to an association of smallholder coffee farmers resulted in increased sales of over \$1.1 million (a 47% increase over the previous year). In part, this was due to increases in the quality of coffee produced, which commanded a 65% premium over average regional prices. Overall, sales by USAID-supported farmers increased \$5 million in FY 2004, a 375% increase.

USAID/Tanzania emphasizes a synergistic approach across SOs to coordinate and integrate linkages, themes, and tools (LTT) into and across Mission SOs. For example, the EG SO funded and posted field officers to two of the NRM SO target areas. The officers are transferring entrepreneurial and business management skills to communities in environmentally-friendly microenterprise development. In addition to an emphasis on program linkages, the Mission focuses on integrating cross-cutting themes and tools to deepen program impact. The themes and tools include: gender, governance, HIV/AIDS, information and communications technology (ICT), public-private alliances, and capacity building. The Mission's ICT team is achieving great success in integrating ICT into programs and operations. Today, all SOs have ICT activities and are aware of ICT's growing potential. The Health SO established internet service in Iringa, serving 400 rural users at a telecenter in the Primary Health Care Institute, and is planning to replicate this success in the Kigoma region. The Mission will soon complete a feasibility study that assesses models for using Last Mile Initiative funds to link national parks with surrounding communities. Lastly, Mission-level intranet and computerized databases facilitate performance management.

Gender: USAID/Tanzania is committed to mainstreaming gender across its program. The DG team's key CSO implementing partner is providing gender mainstreaming technical assistance and mentoring to all beneficiary CSOs. And, the DG Parliamentary activity works with women Parliamentarians to enhance their professional representation skills. A gender advisor, funded by all Mission teams, helped offices develop gender action plans. At the Mission level, a team is reviewing the procurement system to ensure that gender considerations are included at every stage of the procurement process.

Resource Leveraging: The Mission is committed to leveraging resources to deepen program impact. We manage substantial leveraged funds (e.g., ESF, other donors, and public-private alliances), in addition to the operating year budget. Examples include new and ongoing alliances in three SOs. In FY 2004, the EG team initiated an alliance that provides human-powered pumps to small farms through a market-driven distribution system. In the health and EG SOs, an alliance activity promotes a promising medicinal crop and business opportunity for impoverished rural people that addresses two of Africa's most severe and pervasive problems: malaria and poverty. The Mission has also been successful in leveraging other donor funds. The DG team leveraged funds from the British for its Parliamentary strengthening activity.

In July 2004, USAID/Washington approved USAID/Tanzania's new strategy that includes five SOs: HIV/AIDS, health, economic growth, with an emphasis on agriculture, environmental/natural resource management, and democracy and governance. The new strategy also includes an innovative Program Support Objective (PSO) to coordinate and integrate LTT into and across our five SOs. Health sector funding to a DG partner is improving community outreach and social mobilization with the help of faith-based organizations. To address the impacts of HIV/AIDS (a cross-cutting theme) on natural resources management and conservation, the NRM SO is targeting families and communities affected by HIV/AIDS for inclusion in income generating programs. The EG SO includes workplace HIV/AIDS training that is aimed at educating producers, through their producer organizations, on coping with the epidemic. In DG, USAID provides ICT training to research assistants and committee clerks in Tanzania's Parliament. This training will assist the Parliament in developing best practice guides on effective committee research and increasing access to online reference tools.

Key achievements by SO are summarized below.

1. Health and HIV SO: Positive trends associated with USAID assistance bode well for accelerated implementation of the Presidential Initiatives for AIDS: Prevention of Mother-to-Child Transmission and the President's Emergency Plan for AIDS Relief, for which Tanzania is a focus country. Nearly 150,000 clients accessed USAID-funded voluntary counseling and testing services. Socially-marketed condom

sales increased from 18.1 million in 1999 to over 36 million this year. The CPR exceeded the target of 18%, reaching 19.4% in 2003-04. USAID has repeatedly met its target of 80% of children receiving Vitamin A supplementation thanks to an innovative approach using special distribution days such as World AIDS Day on December 1 and the Day of the African Child on June 15. The USAID-supported pilot introduction of intermittent presumptive treatment of malaria in pregnancy went nationwide in under two years, with coverage up from 29% in 2001 to 65% in the most recent assessment in 2004.

2. DG SO: USAID's DG program is based on the understanding that improved accountability is a critical step toward a more competitive democratic process in Tanzania. The SO achieved notable progress in 2004. The HIV/AIDS Omnibus Legislation, developed in partnership between civil society and government, was finalized and is being reviewed prior to Parliamentary approval. The legislation promotes the concept of equality for people living with HIV/AIDS, and reduces the stigma linked with the disease. The capacity of 32 out of 40 partner NGOs to advocate successfully to the government on critical policy issues such as children's rights and public expenditure reforms increased significantly. A prime example of successful advocacy is the recently banned practice of female genital mutilation. Young girls can now come of age using a new ceremony that does not put their lives at risk. In addition, the first-ever CSO exhibition was showcased at the National Assembly and enabled legislators to publicly liaise directly with representatives from civil society on a variety of important issues. Corruption hinders momentum and erodes gains in virtually every sector. In a major action against corruption, the government dissolved the Central Tender Board for a new Public Procurement Regulatory Authority. With Africa Bureau Anti-Corruption funds, USAID is providing support to pilot, establish, and operate a web-based accountability noticeboard that makes official government expenditure data publicly available. The noticeboard will be piloted in five districts in FY 2005.

3. NRM SO: As one of the premier tourist destinations in Africa, Tanzania's tourism industry is a key economic driver, accounting for 16.8% of GDP in 2004. USAID's objective for the NRM SO is to stem the loss of biodiversity and promote related benefits through sustainable community-based conservation. This year, Parliament approved the Environmental Bill that was developed in partnership between the Government and NGOs. Once enacted, this legislation will enable rural communities to manage, and benefit financially from, the natural resources under their village tenure. The Bill also promotes the concept of devolved land-use planning from the central government to local government authorities, thereby giving municipal executives greater responsibility and accountability to their constituents. The SO maintains its support for the implementation of the National Integrated Coastal Management Strategy and the Wildlife Management Area Regulations, which allow greater participation by districts and villages in conservation management issues. Environmental education initiatives expanded to seven new districts reaching an additional 350,000 people. USAID continues to manage alliances in the areas of conservation and rural livelihoods.

4. EG SO: Ongoing activities are showing impressive results through increased small holder production and sales into local and international markets. The SO builds on the success of USAID's previous work, including the Rural Roads activity, which ended in 2004. During this activity's second phase, USAID constructed or substantially rehabilitated over 1,160 kilometers of rural roads in the Southern Highlands, which is helping small producers more readily bring crops such as oranges to market. We are now working with over 39,000 producers (including nearly 7,000 women) in crops ranging from paprika to coffee, directly resulting in increased sales of over \$6 million. Training in quality control brought coffee producers premiums of 65% over regional average prices. USAID also supported the appropriate technology sector necessary to build farm irrigation infrastructure. Private manufacturers expanded their sales of locally-manufactured water pumps, increasing average incomes over 200% for these families.

5. Disaster Responsiveness: This SPO furnishes humanitarian assistance to families of the victims of the 1998 US Embassy bombing and strengthens Tanzania's disaster response capacity. In 2003, the program was substantially concluded. One of the challenges for providing humanitarian medical assistance in the developing world is the lack of a standardized list of essential supplies that are cost-effective and technologically appropriate for the standard of care for emergencies in that nation. Prior to this program in Tanzania, no such list of essential emergency equipment and supplies was ever compiled for hospitals in the developing world. Tanzania now has the first such list. As the SPO comes to an end,

efforts are focused on executing a major procurement of essential emergency medical equipment for use in key hospitals. The equipment will be delivered to hospitals by early 2005.

Results Framework

621-001 Increased use of family planning/maternal and child health and HIV/AIDS preventive measures

SO Level Indicator(s):

- Children under 5 years vaccinated against polio
- Condom use at last higher risk sex
- Contraceptive prevalence rate (CPR)
- Couple-year of protection (CYP)
- Higher risk sex in the last year
- Median age at first sex among young men and women
- Percent of pregnant women who were given 2 doses of presumptive malaria medication (SP) during antenatal visits
- Vitamin A supplementation among children aged 6-59 months
- Young people having multiple partners
- IR1.1** Policy and legal environment improved
- IR1.2** Availability of quality services increased
- IR1.3** Demand for specific quality services increased

621-002 Foundation Established for Adoption of Environmentally Sustainable NRM Practices in Tanzania

621-003 Civil society and government are more effective partners in governance

SO Level Indicator(s):

- Partnerships functioning effectively in all targeted sectors
- IR3.1** Targeted CSOs' capacity to represent public interests to government on selected issues strengthened
- IR3.2** Targeted government institutions are more responsive to public concerns on selected issues
- IR3.3** The enabling environment supports CSO-government partnership in governance

621-004 Increased micro and small enterprise participation in the economy

621-005 Rural roads improved in a sustainable manner

621-006 Suffering of Tanzania bomb victims reduced and local disaster responsiveness capacity enhanced

- IR6.1** Psycho-social, economic and health impact of bomb blast reduced
- IR6.2** Preparedness for future disasters increased

621-008 Improved Conservation of Coastal Resources and Wildlife in Targeted Areas

SO Level Indicator(s):

- Area under conservation management
- IR8.1** Key natural resources policies applied
- IR8.2** Increased effectiveness of institutions that support natural resources conservation
- IR8.3** Improved management of targeted protected areas
- IR8.4** Community-based conservation regimes functioning in target areas

621-009 Increased micro and small enterprise participation in the economy II

SO Level Indicator(s):

- Percentage change in the number of MSEs in all program assisted subsectors
- IR9.1** Improved micro and small enterprise policy environment
- IR9.2** Broadened micro and small enterprise access to markets
- IR9.3** Strengthened capacity of micro and small businesses

621-010 Reduced Transmission and Impact of HIV/AIDS on Tanzania

- IR 1** Improved HIV/AIDS preventive behaviors and social norms
- IR 2** Increased use of HIV/AIDS prevention to care services and products

- IR 3 Improved enabling environment for HIV/AIDS responses from community to national levels
- IR 4 Enhanced multisectoral response to HIV/AIDS

621-011 Health Status of Tanzanian Families Improved

- IR 1 Communities empowered to practice key behaviors and use services for target health problems
- IR 2 Family level access to target services increased
- IR 3 Sustainability reinforced for target health program

621-012 Incomes of Small Farmers Increased in Selected Agricultural Commodity Sub-Sectors

- IR 1 Increased productivity of selected agricultural commodities
- IR 2 Increased trade of selected agricultural commodities

621-013 Biodiversity Conserved in Targeted Landscapes Through a Livelihood Drive Approach

- IR 1 Policies and laws that integrate conservation and development applied
- IR 2 Participatory landscape scale conservation practiced
- IR 3 Conservation enterprises generate increased and equitable benefits from sustainable use of natural resources

621-014 Public Accountability Strengthened in Selected Policy Areas

- IR 1 Intra-governmental oversight strengthened
- IR 2 Civil society advocacy improved
- IR 3 Provision of public budget and expenditure data at district level expanded

621-015 Program Impact Deepened

- IR 1 Continuous learning/change facilitated
- IR 2 Use of LTT integrated across/into Mission programs